

**STATEMENT OF
DONNA L. WAGNER, PH.D.
DIRECTOR
THE CENTER FOR PRODUCTIVE AGING AT TOWSON UNIVERSITY
TOWSON, MARYLAND**

Mr. Chairman and Members of the Senate Special Committee on Aging, thank you for providing me with the opportunity to testify before you today at this hearing on the implications of increasing the retirement age for Social Security benefits. I will be limiting my comments to the implications related to increasing numbers of older workers on the nation's employers.

My remarks today will include some key findings of a survey of employers recently conducted to explore their experience with and attitudes towards older workers, a discussion of the context of these findings and some recommendations related to the findings.

In the Fall, The Center for Productive Aging at Towson University in Towson, Maryland, conducted a survey of US employers to explore their experience with older workers and some of the factors influencing the use of older workers. The study was commissioned by The National Council on the Aging here in Washington, DC and partially funded by the McDonald's Corporation. NCOA, a national sponsor of the SCSEP Program which is funded by the Older Americans Act and administered by the Department of Labor, and McDonalds wanted to better understand how employers today viewed older workers in order to design their "100,000 Jobs Program" launched in April, 1998.

Two hundred and forty employers nationwide representing all sectors of the labor market were interviewed by phone. These employers ranged in size from companies with fewer than ten employees to more than 90,000 employees. The average age of the workforce of companies within the sample was estimated at 39 years. About 3/4 of those interviewed indicated that they had workers actively involved in their companies who were older than 65 years of age.

In order to explore the attitudes about older workers of the sample, we asked them questions about stereotypes of older workers that have been identified in previous research. These stereotypes included beliefs that older workers have more illness than younger workers, are more likely to have transportation problems, miss more work, are not interested in learning new tasks, harder to train and are rigid and inflexible. In our study, however, we found that the employers interviewed generally held positive attitudes about older workers and few stereotypes about their performance on the job were reported by respondents. More than 80% reported that older workers were reliable, did not miss time due to illness, had low turnover rates and were interested in learning new tasks, were not demanding and were not rigid and unwilling to change. In fact, the majority of respondents reported that, in their company, age was no longer seen as a factor in job retention or promotions. Pointing to the fact that many of the CEO's could be, in fact, categorized as "older workers" themselves, respondents suggested that ability to perform in the workplace was the only factor used in retention and promotion decisions.

Respondents were also asked to identify potential barrier to the increased use of older workers in the future and reported that some of the barriers identified in previous research were not relevant to this sample. For example, in the past, health care costs have been identified as a potential barrier to the use of older workers. In this study, 70% of the respondents did not view health care benefit costs as a barrier. Least likely to be seen as a barrier to employment of older workers was "company image" with 91% reporting that this was not a barrier. Interestingly, the most commonly reported barrier was the ability to locate the older workers with more than 60% of the respondent indicating this as a problem. About one-half of the employers also expressed concern about the skill levels of older workers.

The picture we get from these statistics is the following: Employers are more flexible when it comes to retaining older workers in the workforce and no longer adherents of the idea that job performance and age are related to one another. Employers are less concerned about the image issues or health care benefit costs than they were in the past. But they are concerned about, and view as a barrier to hiring more older workers, their ability to find the older workers to hire and the skill levels of older workers available in the employment marketplace today.

The business sector was the one sector of employers most likely to report that finding the older workers and the skill levels of available older workers were significant barriers to the use of older workers in their workforce. And, companies located in the South were more likely than those in other parts of the country to report that locating the older workers was a barrier to their use.

Although half of the companies in the study reported that they expected an increase in the number of older workers -- over the age of 65 -- in their own workforce in the next five years, very few of them had taken steps to plan for this increase. About one out of five of the employers had some program in place which recruited older workers for available jobs and only one out of ten employers had developed strategic plans for incorporating more older workers in the future into their workforce.

Those employers in our study who had participated in the SCSEP (Title V of the Older Americans Act) Program were more likely to believe that their company would experience an increase in the number of workers over the age of 65 in the next five years, more likely to have a strategic plan in place to integrate older workers into their workforce and were more likely to report a positive overall experience with older workers than those companies with no SCSEP experience. This finding is significant in that it provides us with some support for the idea that government programs can and do make a difference in the attitudes and behavior of businesses. The companies with SCSEP workers may have initially become involved in the program because they saw the availability of workers through the program as a short-term solution to a manpower problem. What emerged from their experience, however, was a long-term change in their outlook about older workers and how their workforce can benefit from the involvement of these workers over time.

The key findings of our employer study provide us with good news and bad news. The good news is that fewer employers view age as a benchmark for employability than ever before and, although there is always some acceptability of response bias that occurs in any survey, are reporting a breakdown in persistent stereotypes long held by employers about older workers. The bad news is that many employers do not realize that importance of older workers to their own continued economic viability in the future or to the continued growth of the national economy over the coming decades. Despite the fact that America is aging and that we have a record low unemployment rate coupled with a strong economy today, too many employers still view older workers as marginal or worse, not relevant to, their companies continued economic success.

The government has played a key role in changing employer attitudes and behavior towards older workers through laws prohibiting age discrimination in the workplace, the Americans with Disability Act, changes in pension funding and protection and retirement policies. But there is much more to do in order to assure that we continue on the road of economic progress. Many of the disincentives to employment of older persons enacted earlier in the century need to be revamped to reflect the realities of 1998 and the future. This Committee has heard testimony and held Forums on the aging of the Baby Boom Generation at which other speakers have outlined several age-neutral policy reforms that are needed. These reforms would send an important message to employers as well as older workers and included:

*Increasing the eligibility age for early retirement under Social Security to 65,

- * Permitting workers over 65 years of age to opt out of additional Social Security contributions,
- * Amending ERISA to allow pro-rated fringe benefits for part-time employees,
- * Making Medicare rather than employment-based health insurance the primary source of health coverage for older workers,
- * Tax credits to encourage employers to hire and train older workers and for older workers who purchase training and education to up-grade their skill levels,
- * And, instituting a federal mandate that employer pensions be age neutral with no penalties in place for those retiring *after* a certain age.

From the perspective of the employer study described in this testimony, there are other policy changes and actions which are needed on the national level to encourage more employers to incorporate older workers into their workforce. The first is a need for a strategy to increase the awareness of employers about the demographic changes taking place that will likely influence their need for older workers in the future. Our findings suggest that many employers are not aware that these changes are occurring or that they are going to have any affect on their ways of doing business. We need leadership from the Department of Labor and the Administration on Aging to make this happen. SCSEP programs around the country and other older worker advocacy groups as well as the Business Councils and Chambers of Commerce can be recruited as ambassadors of change to bring this message to their partners and colleagues.

We also need, based upon the findings of the study, a wider net of employment programs for older workers -- for not only those who are low income, but also those who have been displaced from positions, out of work for many years, or retired and wanting to return to a meaningful part-time employment situation. This net would meet the need of employers who report that finding older workers is a significant barrier to their use in the workplace.

And, finally, and perhaps most importantly, we need a new system of training for workers of all ages. The idea that older workers may not have up-to-date skills is more than a theoretical barrier to their employability. For many, it is a reality based upon the fact that they have not benefited from in-house training on the job, been out of the labor market for some time or, as is the case in many high-tech positions, been passed by technological change. For older workers, displaced workers, and contingency workers, we need an incentive system through tax credits or subsidized programs that provide up-graded training and educational opportunities. And, we need to make sure that training and education supported by public dollars, be it employer incentives or other financing mechanisms, is based upon standards of adult education and is appropriate for older learners.

Employers can and will make the necessary accommodations for an increase in older workers. The issue before us today however is how quickly can they do it and what kinds of help will they need to incorporate more older workers into the American workforce. Studies have shown that older adults are interested in working, most of them report an interest in part-time employment. Older people are also interested in learning new technology as evidenced by the experience of Senior Net and other computer access organizations designed for older adults. It is now up to businesses and government to make sure that the disincentives to their employment are eliminated and to educators to ensure that they have the skills required to continue as vital partners in employment or meaningful volunteer work in order that we as a society fully benefit from the vast elder resources available to us.